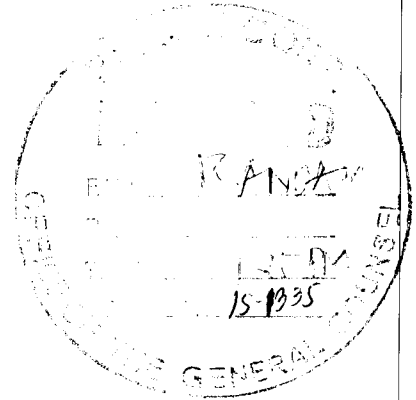


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE FIFTH  
(5<sup>th</sup>) APPLICATION FOR THE  
TRUE UP ADJUSTMENTS OF  
FUEL AND PURCHASED  
POWER COSTS (TAFPPC) AND  
FOREIGN EXCHANGE –  
RELATED COSTS (TAFXA)  
UNDER THE RULES FOR THE  
AUTOMATIC RECOVERY OF  
MONTHLY FUEL AND  
PURCHASED POWER COSTS  
AND FOREIGN EXCHANGE –  
RELATED COSTS BY THE  
NATIONAL POWER  
CORPORATION (NPC), AS  
AMENDED



**ERC CASE NO. 2015-124 RC**

**POWER SECTOR ASSETS AND  
LIABILITIES MANAGEMENT  
CORPORATION (PSALM),**

**Applicant.**

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DOCKED  
Date: AUG 04 2015  
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**ORDER**

On June 29, 2015, the Power Sector Assets and Liabilities Management Corporation (PSALM) filed a fifth (5th) application for approval of its True Up Adjustments of Fuel and Purchased Power Costs (TAFPPC) and Foreign Exchange – Related Costs (TAFXA) under the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange – Related Costs by the National Power Corporation (NPC), as amended.

In the said application, PSALM alleged, among others, the following:

1. It is a government-owned and controlled corporation created by virtue of Republic Act No. 9136 (R.A. 9136) or the "*Electric Power Industry Reform Act of 2001*" or the

EPIRA, with principal office address at 7<sup>th</sup> Floor, Bankmer Building, 6756 Ayala Avenue, Makati City;

2. The instant application is filed pursuant to the Implementing Rules and Regulations (IRR) of R.A. 9136 particularly Rule 3 Section 4 (e) and Rule 6 of the Commission's Rules of Practice and Procedure, and the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign-Exchange Related Costs by NPC (ACRM Rules), as amended;
3. With the effectivity of the ACRM Rules on February 27, 2010, or fifteen (15) days after its publication in a newspaper of general circulation in the Philippines, it implemented said ACRM Rules stating March 2010 billing period, and calculated the monthly recovery/(refund) of incremental/downward adjustment in: (i) Fuel and Purchased Power Costs (FPPC); and (ii) Foreign Exchange-Related Costs (FX Costs) in accordance with the respective formulae as approved by the Commission;
4. Article V of the ACRM Rules requires the submission of an application for the TAFPPC and TAFxA at least every twelve (12) months in order for the Commission to verify the recovery of fuel and purchased power costs adjustments (FPPCA) and foreign exchange-related cost adjustment (FxA) by comparing the actual allowable costs incurred for the period with the actual revenues for the same period generated by the fuel and purchased power costs components under the Basic Generation Charge<sup>1</sup> (BGC) and the FPPCA and FxA under the monthly ACRM;
5. On August 18, 2011, it filed its first application for TAFPPC and TAFxA (True-Up Adjustments Application), docketed as ERC Case No. 2011-115 RC, covering its March 2010 to February 2011 test period in compliance with the Commission's Order dated 29 June 2011;
6. In its "Manifestation with Motion" dated September 26, 2011 and received by the Commission on September 29, 2012, it prayed that the second true-up applications covering the March 2011 to December 2011 test period on the first week of May 2012. In the subsequent

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<sup>1</sup> Provisional Approval issued by the ERC on 16 February 2009 and 23 March 2009 under ERC Case No. 2009-004 RC

manifestation, it likewise proposed that the subsequent ACRM true-up applications for all major grids covering twelve (12) billing months starting January 2012 be filed yearly every first week of May of the succeeding year;

7. In accordance with the above manifestation, it filed on April 30, 2012 and May 2, 2013 its second true-up adjustments application, docketed as ERC Case No. 2012-067 RC, covering the March 2011 to December 2011 test period, and its third true-up adjustments application, docketed as ERC Case No. 2013-092 RC covering the January 2012 to December 2012 test period, respectively;
8. Subsequently, on April 25, 2014, it filed with the Commission a "Manifestation with Motion" dated April 23, 2014 praying that the instant application for true-up adjustments covering the January 2013 to December 2013 billing months for all major grids be filed on June 30, 2014, and that the subsequent true-up applications for all major grids covering twelve (12) billing months starting January 2014 be filed every June 30 of the succeeding year;
9. Accordingly, on June 30, 2014, it filed its fourth true-up adjustments application, docketed as ERC Case No. 2014-098 RC;
10. On March 27, 2015, it filed a "Manifestation" before the Commission that, in view of the unavailability of data on fuel costs and PPC of certain IPP plants covering the last billing month of 2014, it is constrained to file its fifth true-up adjustments application covering the January 2014 to December 2014 test period for all major grids on 30 June 2015;
11. Pursuant to the above-mentioned motions and manifestation, and pending the Commission's action on the said motion, it filed the instant true-up adjustments application;
12. It has fully complied with the monthly reporting requirements as required under Article V Section 1 of the ACRM Rules, timely submitting calculations for the monthly recovery/(refund) of the incremental/downward adjustments in FPPC and FX Costs, as well as supporting

documents, as evidenced by the receipt of the Commission of such compliances;

**I. TRUE-UP ADJUSTMENT OF FUEL AND PURCHASED POWER COST (TAFPPC)**

13. In accordance with Article V, Section 4 of the ACRM Rules, it determined the TAFPPC based on the following formula:

$$\text{TAFPPC} = \text{FPPCA}_{\text{afppc}} - \text{FPPC}_{\text{billed}} - \text{FPPC}_{\text{peso}}$$

Where:

**TAFPPC** = True-up Adjustment of Fuel and Purchased Power Costs in Pesos

**FPPCA<sub>afppc</sub>** = Actual allowable fuel and purchased power costs for the test period

**FPPCA<sub>billed</sub>** = Fuel and purchased power costs billed through the last ERC-approved base rate for the test period

**FPPCA<sub>peso</sub>** = Recovered/billed fuel and purchased power costs from customers

**First Component of the TAFPPC : FPPCA<sub>afppc</sub>**

14. **FPPCA<sub>afppc</sub>** refers to the allowable fuel and purchased power costs incurred during the relevant test period January 2014 to December 2014;

**Computation of the Allowable Fuel Cost**

15. The Allowable Fuel Costs of the following plants/IPPs, that supplied energy to customers with Transition Supply Contract (TSC)/Contract for Supply of Electric Energy (CSEE), were considered under the AFC component of the **FPPCA<sub>afppc</sub>**:

<b>LUZON</b>	<b>VISAYAS</b>	<b>MINDANAO</b>
None	CTPP I and II under the Naga Power Plant Complex	PB 104 SPPC WMPC

16. In the Visayas Grid, although NPC/PSALM still has six (6) fuel-fired plants, namely, Power Barges (PB) 101, 102 and 103, Cebu Diesel Power Plant I (CDPP 1), and Cebu Thermal Power Plants (CTPP) I and II under the Naga Power Plant Complex (NPPC), only CTPP I and II are being utilized to supply the energy requirements of Transition Supply Contract (TSC)/Contract for the Supply of Electric Energy (CSEE) customers; thus only the AFC of these two (2) plants were considered in the Visayas Grid's AFC;
  
17. In the Mindanao Grid, similarly the AFC considered in the calculation are the fuel costs of PB 104, Southern Philippines Power Corporation (SPPC) and Western Mindanao Power Corporation (WMPC), which supplied the energy requirements of TSC/CSEE customers;
  
18. In accordance with the Commission's directives, the AFC adopted in the calculation corresponds to whichever is lower between the actual fuel costs based on the plants' monthly fuel/coal inventory report vis-a-vis fuel costs pegged at the heat rate cap approved by the Commission;
  
19. The actual heat rate per plant is calculated using plants' data such as volume of fuel consumption (with generation), net energy generation, fuel heating values, fuel density and conversion factors. This actual heat rate is compared to the heat rate cap approved by the Commission in its Decision dated April 25, 2011 under Case No. 2009-003 RC. In case the actual heat rate is lower than the heat rate cap, actual fuel costs is considered as AFC. Otherwise, AFC is calculated by multiplying the heat rate cap (BTU/kWh) by net energy generation (in kWh) and actual fuel cost (in PhP/Btu);

20. Since the cost recovery/(refund) is applicable only to regular TSC/CSEE customers, the AFC included in the true-up adjustment pertains only to AFC used to supply regular TSC/CSEE customers. In other words, fuel costs incurred in delivering energy to our WESM and special rate customers by virtue of Presidential directives were excluded from the AFC and consequently in the TAFPPC. AFC for true-up adjustment is derived by multiplying Total AFC of the major grid by the proportion of Regular TSC/CSEE Energy Sales of the major grid relative to the Net Total Energy Sales of the major grid (TSC/CSEE Energy Sales Ratio);
21. Regular TSC/CSEE Energy Sales represent NPC/PSALM sales to customers who are billed the approved BGC rate including the Commission-approved adjustments. This excludes customers with discounted rates that are located in economic zones such as PEZA-Baguio, CDC Texas Instrument and excess energy of SKK Steel Corporation;
22. Net Total Energy Sales of the major grids excludes energy sales of Angat, MTPP, PBs 101, 102, 103 and CDPP 1, since these plants were used solely as MRU or in supplying only the energy requirements of Wholesale Electricity Spot Market (WESM) customers for the applicable billing periods. It also excludes energy purchases from PEMC (EPFP) since the cost of procuring power from the Philippine Electricity Market Corporation (PEMC) is not considered in the TAFPPC;
23. In the Mindanao Grid, however, all the energy sales pertain to the consumption of regular TSC/CSEE customers. As such, the total AFC of the Mindanao Grid is considered in the TAFPPC calculation;

**Computation of the Allowable Purchased Power Costs (APPC)**

24. The Allowable Purchased Power Costs considered in the **FPPCA**<sub>afppc</sub> calculation are APPC of IPP plants that supplied energy to TSC/CSEE customers, based on the ERC's approval of the following IPP contracts:

LUZON		VISAYAS		MINDANAO	
Ampohaw-Hedcor	ERB Case No. 93-13	Leyte A and B (Unified Leyte)	ERB Case No. 98-55	WMPC	ERB Case No. 98-51
Casecnan	ERC Case No. 2001 - 457			SPPC	ERB Case No. 98-52
Caliraya-Botocan – Kalayaan	ERC Case No. 2007-159 RC			Mindanao Coal	ERC Case No. 2001-811
				Mt. Apo I	ERB Case No. 98-54
		Mt. Apo II	ERC Case No. 2001-714		

25. In accordance with the Commission's directives, APPC adopted in the calculation corresponds to whichever is lower between the actual Purchased Power Costs paid to the above IPPs vis-a-vis calculated PPC based on the ERC approval of these IPP contracts;
26. In the Visayas Grid, the NPPC is currently under an Operation and Maintenance Service Contract (OMSC) since the original IPP contract approved by the Commission for inclusion in the cost recovery mechanism expired on March 25, 2012;
27. The OMSC costs do not categorically fall under APPC since the plants are no longer under an IPP arrangement but considered its owned generating plants. Consequently, the OMSC costs are not included in the calculation in the Visayas Grid. Corollarily, its energy sales should likewise be excluded in the Regular TSC/CSEE Energy Sales and Net Total Energy Sales of the major grid;
28. Further, considering that Leyte A and B are now dedicated to supplying the Visayas grid energy requirements, APPC of Leyte A and B were both pegged at PhP1.45/kWh base energy rate (BER) plus inflation factor (IF). This is in line with the Commission's Decision rendered on ERC Case No. 98-54 dated December 27, 1999, where it stated that:

"x x x the Board has no other alternative but to accept the avoided costs originally offered by

herein applicant during the negotiation for said projects, which are P1.45 per kwh for the Leyte A Project, P1.40 per kwh for the Leyte B Project x x x. In the case of the Leyte A geothermal power plant, NPC's avoided cost of P1.45 per kwh referred to a diesel power plant that should have been constructed had there been no geothermal plant in the Visayas. In the Leyte B geothermal plant, however, whose power output was designed to be exported to Luzon x x x, NPC opted to use the avoided cost of P1.40/kwh which is based on the cost of the Sual Coal Plant located in Sual, Pangasinan.”;

29. In the Mindanao Grid, the Commission stated that its approval on the IPP contract of Mt. Apo II is applicable for the first ten (10) years of the cooperation period or until June 19, 2009 only, and directed NPC to submit an application for the approval of the remaining fifteen (15) years of the cooperation period starting June 29, 2009. The renegotiation between NPC/PSALM and Energy Development Corporation (EDC), the IPP contractor, relative to the remaining cooperation period, however, is still pending. Considering that PSALM is paying EDC for the energy delivered by Mt. Apo II under the same contract terms for the first 10 years of cooperation period, and is still supplying the energy requirement of TSC/CSEE customers in the Mindanao Grid, it deems proper to include the PPC of Mt. Apo II in the APPC under the same Commission-approved terms for the first ten (10) years of cooperation while the renegotiation is at a standstill;
30. Further, the APPC included in the true-up adjustment pertains only to APPC of Adjusted Regular TSC/CSEE Energy Sales. This is derived by multiplying the total APPC of the major grid to the proportion of Adjusted Regular TSC/CSEE Energy Sales relative to the Adjusted Net Total Energy Sales of the major grid (Adjusted TSC/CSEE Energy Sales Ratio);
31. As discussed earlier, the Adjusted Regular TSC/CSEE Energy Sales cover Regular TSC/CSEE Energy Sales less energy sales of NPPC, consistent with the treatment excluding the OMSC cost of NPPC in the APPC;



32. Adjusted Net Total Energy Sales of the major grid excludes energy sales of plants which did not supply TSC/CSEE customers during the test period, namely Angat, MTPP, PBs 101, 102, 103. Likewise, considering that cost of energy purchased from PEMC (EPFP) and OMSC of NPPC do not form part of purchased power costs, their energy sales were excluded from adjusted net total energy sales;
33. In the Mindanao Grid, however, all the energy sales pertains to the consumption of Adjusted Regular TSC/CSEE customers, as such the total APPC of the Mindanao Grid is considered in the TAFPPC calculation;

**Second Component of the TAFPPC:  $FPPCA_{billed}$**

34.  $FPPCA_{billed}$  pertains to fuel and purchased power costs billed through the Commission-approved base rate for the test period. Fuel cost billed is calculated by multiplying regular TSC/CSEE energy sales (in kWh) with the fuel cost component (in PhP/kWh) of the provisionally approved BGC, while the purchased power cost billed is derived by multiplying adjusted regular TSC/CSEE energy sales with the purchased power cost component (in PhP/kWh) of the provisionally approved BGC;
35. The following are the fuel and purchased power cost components of the provisionally approved BGC used in the calculation:

Grid	Fuel cost Component (PhP/kWh)	Purchased Power Cost Component (PhP/kWh)
Luzon	1.6811	2.2791
Visayas	1.2789	1.8834
Mindanao	0.8961	1.0446

**Third component of the TAFPPC:  $FPPCA_{\text{peso}}$**

36.  $FPPCA_{\text{peso}}$  refers to the recovered or billed fuel and purchased power cost from customers through the monthly ACRM. The fuel cost billed under the ACRM is calculated by multiplying the regular TSC energy sales (in kWh) with the fuel cost component (in PhP/kWh) on the monthly ACRM rate, while the purchased power cost billed under the ACRM is determined by multiplying the adjusted regular TSC energy sales with the purchased power cost component (in PhP/kWh) of the monthly ACRM rate;

**TOTAL TAFPPC**

37. Based on the foregoing, the **TAFPPC** for Luzon, Visayas, and Mindanao Grids covering the billing period January 2014 to December 2014 amounted to a total of PhP(536,541,900.32), as follows:

GRID	$FPPCA_{\text{afppc}}$ PhP	$FPPCA_{\text{billed}}$ PhP	$FPPCA_{\text{peso}}$ PhP	TAFPPC PhP
LUZON	173,870,611.21	263,695,240.78	28,086,602.60	(117,911,232.16)
VISAYAS	7,521,542,249.83	6,114,902,856.26	414,621,909.17	992,017,484.41
MINDANAO	12,891,850,643.67	13,772,415,747.89	530,083,048.35	(1,410,648,152.57)
<b>TOTAL</b>	<b>20,587,263,504.72</b>	<b>20,151,013,844.93</b>	<b>972,791,560.11</b>	<b>(536,541,900.32)</b>

**II. TRUE-UP OF FOREIGN-EXCHANGE RELATED COST (TAFXA)**

38. In accordance with Article V, Section 5 of the ACRM Rules, it shall calculate the TAFXA based on the following formula:

$$TAFXA = FxA_{\text{afxc}} - FxA_{\text{peso}}$$

Where:

TAFXA = True-up Adjustment of Foreign Exchange-Related Costs in Peso

$FxA_{afxc}$  = Actual Foreign Exchange-Related costs for the test Period

$FxA_{peso}$  = Recovered/billed Foreign Exchange-Related Cost from Customers

**First Component of TAFxA:  $FxA_{afxc}$**

39.  $FxA_{afxc}$  is calculated based on the difference between the: a) principal debt payments made during the covered billing period converted into Peso using the actual exchange rate as of the date of payment; and b) principal debt payments during the same period converted to Peso using the base foreign exchange rate of PhP44.0494/US\$1.00;
40. The  $FxA_{afxc}$  is adjusted to reflect costs incurred only for regular TSC energy sales. This is derived by multiplying the total  $FxA_{afxc}$  with the regular TSC/CSEE Energy Sales Ratio;

**Second Component of TAFxA:  $FxA_{peso}$**

41.  $FxA_{peso}$  refers to the recovered/billed foreign exchange-related costs through the monthly ACRM. This is derived by multiplying the monthly FxA rate with the regular TSC energy sales;

**TOTAL TAFxA**

42. **TAFxA** for Luzon, Visayas, and Mindanao Grids covering the test period of January 2014 to December 2014 amounting to PhP12,278,584.96, computed as follows:

GRID	$FxA_{afxc}$ PhP	$FxA_{peso}$ PhP	TAFxA PhP
LUZON	6,498,437.48	14,594,004.88	(8,095,567.40)
VISAYAS	14,602,251.97	9,816,755.93	4,785,496.04
MINDANAO	43,011,075.57	27,422,419.25	15,588,656.32
<b>TOTAL</b>	<b>64,111,765.02</b>	<b>51,833,180.06</b>	<b>12,278,584.96</b>

**III. TOTAL TAFPPC and TAFxA**

43. In summary, the total True-Up Adjustment for the billing period January 2014 to December 2014 amounts to a total of PhP(524,263,315.36), computed as follows:

<b>GRID</b>	<b>TAFPPC PhP</b>	<b>TAFxA PhP</b>	<b>Total True-up Adjustment PhP</b>
LUZON	(117,911,232.16)	(8,095,567.40)	(126,006,799.55)
VISAYAS	992,017,484.41	4,785,496.04	996,802,980.44
MINDANAO	(1,410,648,152.57)	15,588,656.32	(1,395,059,496.25)
<b>TOTAL</b>	<b>(536,541,900.32)</b>	<b>12,278,584.96</b>	<b>(524,263,315.36)</b>

44. The Peso per kilowatt-hour (PhP/kWh) equivalent of the positive and negative True-Up Adjustments for the relevant major grids are computed by dividing the Total True-up Adjustments over 2014 regular TSC/CSEE energy sales. This would translate to negative rate adjustments, or refund, for the Luzon and Mindanao Grids and positive rate adjustment, or recovery, for the Visayas Grid, as follows:

<b>GRID</b>	<b>TAFPPC PhP/kWh</b>	<b>TAFxA PhP/kWh</b>	<b>Total True-up Adjustment PhP/kWh</b>
LUZON	(1.7708)	(0.1216)	(1.8924)
VISAYAS	0.5083	0.0025	0.5107
MINDANAO	(0.1988)	0.0022	(0.1966)

45. The above-stated true-up adjustments are applicable only to NPC/PSALM's regular TSC/CSEE customers in the relevant major grids during the January 2014 to December 2014 test period;

**REFUND/RECOVERY TO PSALM TSC/CSEE CUSTOMERS**

46. It is vigorously pursuing its mandate of privatizing NPC's generation assets, and the power facilities that are up for sale this year include the independent power producer administrator bulk energy contracts of up to 200

Megawatts (MW) for the Unified Leytpower plant and the 210-MW Mindanao coal-fired power plant in Misamis Oriental, among others. Once these plants are privatized, customers' TSC/CSEE may no longer be renewed or extended;

47. Hence, it prays that it be allowed to directly refund/recover the herein true-up adjustments to/from the TSC/CSEE customers that drew power from it for the billing periods January 2014 to December 2014, by issuing the corresponding Credit/Debit Memo, regardless of the date of expiration of the TSC/CSEE;
48. In compliance with Section 4(e) of Rule 3 of the EPIRA-IRR and Commission's Resolution No. 19, Series of 2009, as amended by Resolution No. 25, Series of 2009, a copy of this instant application (including Annexes, other documents and compact discs) was furnished to the Sangguniang Panlungsod of Makati City; and
49. It prays that: a) consistent with the Commission's Resolution No. 19, Series of 2009, as amended, adopting the Rules for the Automatic Recovery of Monthly Fuel and Purchased Power Costs and Foreign Exchange-Related Costs by NPC, and Section 4 (e), Rule 3 of the EPIRA IRR, the following total true-up adjustment amounts (TAFPPC + TAFxA) per major grid and corresponding True-up rates (PhP/kWh) with one (1) year refund period for the Luzon and Mindanao Grids and one (1) year recovery period for the Visayas Grid, covering the test period January 2014 to December 2014 be approved by the Commission:

GRID	TAFPPC PhP	TAFxA PhP	Total True-up Adjustment PhP
LUZON	(117,911,232.16)	(8,095,567.40)	(126,006,799.55)
VISAYAS	992,017,484.41	4,785,496.04	996,802,980.44
MINDANAO	(1,410,648,152.57)	15,588,656.32	(1,395,059,496.25)
<b>TOTAL</b>	<b>(536,541,900.32)</b>	<b>12,278,584.96</b>	<b>(524,263,315.36)</b>

GRID	TAFPPC PhP/kWh	TAFxA PhP/kWh	Total True-up Adjustment PhP/kWh
LUZON	(1.7708)	(0.1216)	(1.8924)
VISAYAS	0.5083	0.0025	0.5107
MINDANAO	(0.1988)	0.0022	(0.1966)

b) it be allowed to directly refund/recover the true-up adjustments to/from the TSC/CSEE customers that drew power from it for the billing periods January 2014 to December 2014, by issuing the corresponding Credit/Debit Memo, regardless of the date of expiration of the TSC/CSEE.

Finding said application sufficient in form and in substance, with the required fees having been paid, the same is hereby set for hearing on the following schedules:

<b>Date and Time</b>	<b>Venue</b>	<b>Particulars</b>
<b>Luzon</b>		
<b>September 7, 2015 (Monday)</b> at two o'clock in the afternoon (2:00 P.M.)	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional, Expository Presentation, Pre-Trial Conference and Evidentiary Hearing
<b>Visayas</b>		
<b>September 17, 2015 (Thursday)</b> at two o'clock in the afternoon (2:00 P.M.)	ERC Visayas Field Office, St. Mary's Drive, Banilad, Cebu City	Expository Presentation, Pre-Trial Conference and Evidentiary Hearing
<b>Mindanao</b>		
<b>September 24, 2015 (Thursday)</b> at nine o'clock in the morning (9:00 A.M.)	Energy Regulatory Commission - Mindanao Field Office (ERC-MFO), Mezzanine Floor, Mintrade Building, Monteverde Avenue corner Sales Street, Davao City	Expository Presentation, Pre-Trial Conference and Evidentiary Hearings

PSALM is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the scheduled date of initial hearing. PSALM is also directed to inform the consumers, by any other means available and appropriate, of the filing of the instant application, its reasons therefor and of the scheduled hearing thereon.

Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished Offices of the Mayors of Makati City, Quezon City, the Provincial Governors of Luzon, Visayas and Mindanao and the Municipal/City Mayors where it principally operates for the appropriate posting thereof on their respective bulletin boards.

PSALM is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, PSALM must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Mayors and Governors or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editor or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

PSALM and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-Trial Briefs containing, among others:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

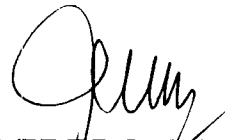
Failure of PSALM to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, PSALM must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, July 28, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



**ALFREDO J. NON**  
Officer-In-Charge  
and Commissioner

✓



**Copy Furnished:**

1. **ATTYS. CECILIO B. GELLADA, JR., CAROLINE V. BALO-ATENCIA and GEOFFRY DL. MASANCAY**  
Counsels for Applicant PSALM  
Power Sector Assets and Liabilities Management Corporation  
(PSALM)  
7<sup>th</sup> Floor, Bankmer Building, 6756 Ayala Avenue, Makati City
2. **The Office of the Solicitor General (OSG)**  
134 Amorsolo Street, Legaspi Village  
Makati City
3. **The Commission on Audit (COA)**  
Commonwealth Avenue  
Quezon City 1121
4. **The Senate Committee on Energy**  
GSIS Building, Roxas Boulevard  
Pasay City 1307
5. **The House Committee on Energy**  
Batasan Hills, Quezon City 1126
6. **Office of the President of PCCI**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, ECC Building, Sen. Gil Puyat Avenue  
Makati City
7. **Office of the City Mayor**  
Makati City
8. **Office of the City Mayor**  
Quezon City
9. **Office of the City Mayor**  
Cebu City
10. **All Distribution Utility**
11. **All Governors**